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C O N F I D E N T I A L AMMAN 007178

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NSC FOR ADNAN KIFAYAT

E.O. 12958: DECL: 11/04/2008

TAGS: [EFIN](#) [ETTC](#) [PTER](#) [JO](#) [IZ](#)

SUBJECT: JORDAN: TRANSFER OF IRAQI ASSETS TO DFI

REF: AMMAN 7025 (NOTAL)

Classified By: Ambassador Edward W. Gnehm. Reasons 1.5 (b) and (d).

1. (C) In follow-up to his October 29 conversation with King Abdullah (ref), the Ambassador raised the urgent need for Jordan to transfer frozen Iraqi assets to the Development Fund for Iraq (DFI) by telephone with Prime Minister Fayez on November 2 and in November 3 meetings with Deputy Prime Minister Muhammad Halaiqa and Planning Minister Awadallah. With the GOJ clearly having received the U.S. message, these three (including perhaps others) met themselves on November 3 to discuss how to respond to the message. Awadallah also heard forcefully reiterated by his interlocutors in Washington last week. The Ambassador expressed the U.S. Government's frustration that Jordan was not being more responsive on this important issue.

2. (C) Following the internal meeting, DPM Halaiqa told the Ambassador that a decision had been made to transfer some funds to the DFI, although he did not indicate an amount. He said frozen Iraqi funds were left over after the GOJ had paid Jordanian banks on suppliers claims submitted to the "technical committee" in accordance with the April 24 law. Halaiqa said this was because some claimants had not been able to document their claims because paperwork from the Iraqi side was lacking.

3. (C) Halaiqa said that the technical committee would expedite its work and that an amount would be transferred to the DFI "soon." He hoped that the United States would support Jordan in working with Iraqi authorities to compensate Jordanian suppliers if additional claims materialized or were legitimized by the committee. In addition, he said that Jordan hoped for the United State's support in not lumping the Central Bank's \$1.5 billion in claims on its Iraqi counterpart into a comprehensive multilateral treatment of Iraq's debt. (Awadallah noted that the claims did not result from export or development credits, but were instead resulted from Iraqi failure to make payments due in cash upon delivery of goods.)

4. (C) Comment: It is clear that the GOJ has heard the U.S. message. Over the last week, the new government has moved smartly to address our concerns on these issues. Recognizing that it falls short of our requirement that all frozen funds be transferred to Iraqi control, there is progress in the Jordanian position: 1) it is the first we have heard that claims under the April 24 law would be less than the approximately \$500 million in frozen Iraqi assets, and 2) it implies Jordanian acceptance that frozen assets will not be used to reduce the \$1.5 billion central bank claim. This should allow a transfer to the DFI to be made in the near future, and we will continue working with the Jordanians to ensure that this happens and in a substantial amount. Post would welcome any further Washington guidance.
GNEHM